POL 15-1 GREECE

INCOMING TELEGRAM *Department of State*

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S E C R E T SEPTEMBER 30 SECTION ONE OF TWO

L I M I T D I S T R I B U T I O N

I CALLED YESTERDAY ON PRIMIN STEPHANOPOULOS.

STEPHANOPOULOS OPENED BY EMPHASIZING THAT HE HAD NOT SOUGHT HIS PRESENT POST AND THAT HE HAS NO ILLUSIONS AS TO DIMENSIONS OF DIFFICULITIES CONFRONTING GOVT. [redacted] HE HAD CONVOKED MEETING OF 45 FORMER MEMBERS OF CU SUPPORTING PRESENT GOVT TO EXPLAIN "HE IS NOT JESUS CHRIST" AND THAT HE CANNOT FEED ALL THE

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HUNGRY GREEK POLITICIANS WITH THE FEW LOAVES AND FISHES PROVIDED BY AVAILABLE CABINET POSITIONS. ANYONE NOT PREPARED ACCEPT HIS LEADERSHIP IS WELCOME TO PREMIERSHIP. HE IS PREPARED TO STEP ASIDE AT ANY MOMENT AND WOULD SUPPORT ANYONE SELECTED TO SUCCEED HIM PROVIDED PRECEDURE FALLS WITHIN LEGAL CONSTITUTIONAL FRAMEWORK.

CURRQA SITUATION IN WHICK GOVT IS OPERATING ON BASIS OF TWO-VOTE MAJORITY IS ULTIMATELY IMPOSSIBLE. IF GOVT'S MAJORITY IS NOT INCREASED TO APPROXIMATELY TEN HE WILL NOT PRESENT HIMSELF BEFORE PARLIAMENT WHEN IT CONVENES ON 15TH OF NOVEMBER AND HE HAS SO INFORMED KING. THERE IS HOPE, HOWEVER, ADDITIONAL ADHERENTS WILL BE FOUND.

REGARDING ACTIVITIES OF OPPOSITION FORCES (PAPANDREOU AND EDA), HE SAID THERE WOULD BE NO OBSTACLES PLACED IN THEIR PATH SO LONG AS THEIR ACTIVITIES REMAIN WITHIN THE LAW. MOREOVER, HE IS NOT PREPARED YIELD TO PRESSURES FROM ERELAZ REVERT TO POLICE MEASURES EMPLOYED DURING CARAMANLIS REGIME. IF, HOWEVER, PAPANDREOU-EDA FORCES RESORT TO VIOLENCE HE IS PREPARED REACT WITH FIRMNESS.

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-2- 539, SEPTEMBER 10, FROM ATHENS. (SECTION ONE OF TWO)

STEPHANOPOULOS WAS CRITICAL OF MANNER IN WHICH CURRENT CRISIS

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HAD BEEN HANDLED BY PALACE. HE MAINTAINED THAT IT WOULD NOW BE DESIRABLE FOR KING TO MAKE CERTAIN SACRIFICES WITH VIEW TO REDUCING PUBLIC CRITICISM. HE SUGGESTED IN THIS CONNECTION THAT GEN. GENNIMATAS MIGHT BE REPLACED WITHIN FORESEEABLE FUTURE. HE HAD POINTED OUT TO KING THAT CURRENT STRENGTH OF PAPANDREOU'S POSITION DERIVED NOT SO MUCH FROM PERSONAL PO-PULARITY OF PAPANDREOU AS FROM LATENT ANTI-ROYALISM WHICH PAPANDREOU HAS BEEN PERMITTED CLEVERLY TO EXPLOIT. HE HAD ALSO SUGGESTED TO KING IT WOULD BE APPROPRIATE FOR HIM TO LIVE MODESTLY IN MANNER WHICH WOULD AVOID UNFAVORABLE COMMENT. ERE LEADER KANELLOPOULOS AGREED WITH HIM IN THIS MATTER BUT KANELLOPOULOS HAD NOT SAID AS MUCH TO KING. KING AND QUEEN PERSONALLY COMMAND A CERTAIN POPULARITY BECAUSE THEY ARE YOUNG AND ATTRACTIVE BUT QUEEN MOTHER IS NOT LIKED AND KING WOULD DO WELL TO UNDERSTAND THIS FACT. STEPHANOPOULOS SAID THAT WHILE HE EXPECTED COMPLETELY TO DISCHARGE HIS DUTIES AS A COUNSELOR TO KING, HE HAD NO INTENTION OF BECOMING A "KING'S MAN." HIS PURPOSE IS TO CREATE SITUATION OF STABILITY AND TRANQUILITY IN WHICH ELECTIONS WOULD BECOME POSSIBLE. IF HE IS ABLE TO ACHIEVE THIS HE WILL ADVISE KING IN THIS

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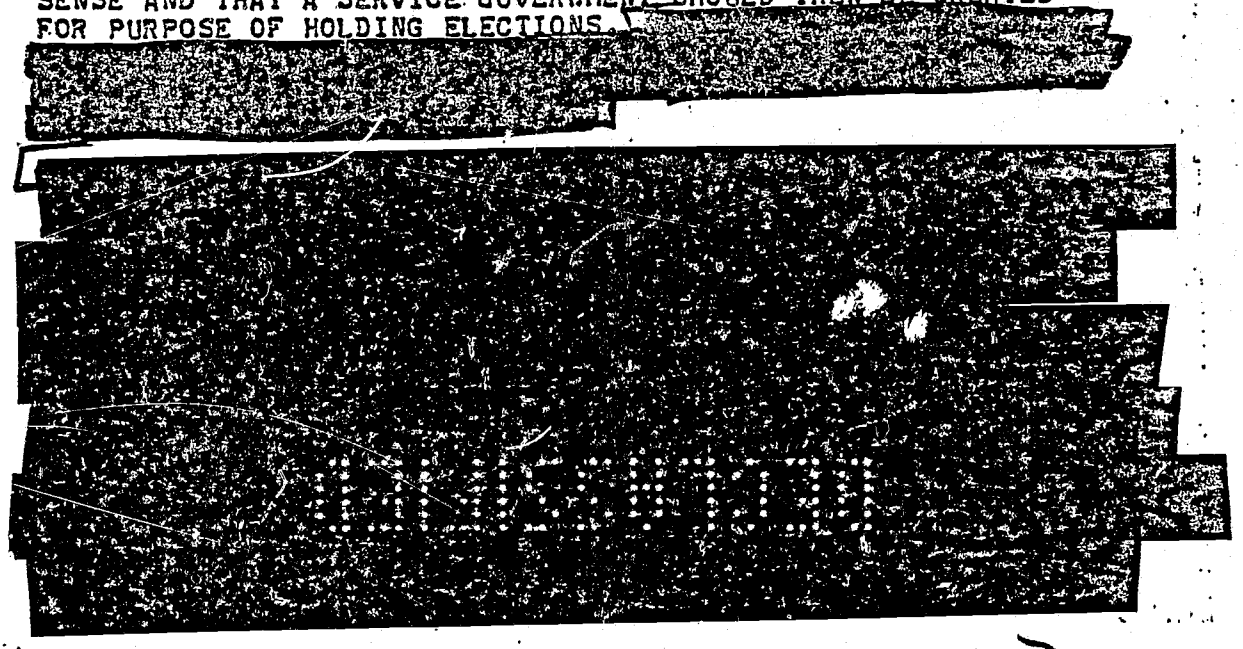
SENSE AND THAT A SERVICE GOVERNMENT SHOULD THEN BE CREATED FOR PURPOSE OF HOLDING ELECTIONS.



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[redacted]

STEPHANOPOULOS REFERRED TO DANGEROUS ECONOMIC SITUATION AND MENTIONED VISIT OF ZOLOTAS, PRESENTLY IN WASHINGTON. GREECE IS NOT ONLY APPROACHING CRITICAL MOMENT FROM POINT OF VIEW OF ITS FOREIGN EXCHANGE POSITION BUT DRACHMA PUBLIC INVESTMENT BUDGET HAS ALSO HAD TO BE SEVERELY CURTAILED. US MUST NOW DECIDE WHETHER GREECE AND SOUTHERN FLANK OF NATO ARE OF REAL IMPORTANCE. US IS, OF COURSE, HEAVILY ENGAGED IN ASIA AND THERE ARE THOSE WHO ASSERT THAT US HAS REACHED A LEVEL OF ACCOMMODATION WITH SOVIETS WHICH MAKES NATO AND GREECE PROGRESSIVELY LESS IMPORTANT. IS ASSURED HIM US WELL AWARE THAT ANY WILLINGNESS OF SOVIET UNION TO FIND ACCOMMODATION WITH WEST IS DIRECTLY RELATED TO FORCE WHICH WEST IS PREPARED TO CONFRONT SOVIETS; THAT I WAS SURE NEITHER HE NOR I HAD ANY ILLUSIONS IN THIS MATTER. HE SAID IN HIS OPINION ANDREAS AND HIS ASSOCIATES ARE PREPARED RELAX GREECE'S

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SECTION TWO OF TWO

L I M I T D I S T R I B U T I O N

ASSOCIATION WITH NATO AND SEEK A NON-ALIGNED POSITION. THEIR ATTITUDE IS SYMPATHETIC TO NASSER-TITO TECHNIQUE OF BUILDING SOCIALIST ECONOMY BASED ON SUPPORT OF INDIGENOUS MILITARY FORCES. IN US IS NOT PREPARED TO CONTEMPLATE SUCH A DEVELOPMENT IN GREECE AND IF US IS NOT PREPARED ACCEPT GROWTH IN ANTI-AMERICANISM IN GREECE, THEN IT MUST CONSIDER WHAT CAN BE DONE TO HELP GREEK GOVT AT THIS TIME. COST OF PROPHYLACTIC MEASURES IS INFINITELY SMALLER THAN COST OF THERAPEUTIC REMEDIES.

THERE IS ALSO IN THIS COUNTRY, STEPHANOPOULOS CONTINUED, AN IMPORTANT GROUP OF PEOPLE FOR WHOM WITHDRAWAL OF GREECE FROM NATO AND CREATION OF SOCIALISTIC REGIME WOULD BE AN INTOLERABLE DEVELOPMENT. [redacted] HE, HOWEVER, WOULD NOT ASSOCIATE HIMSELF WITH ANY EXTRA-PARLIAMENTARY SOLUTION. STEPHANOPOULOS SAID HE BELIEVES KING APPRECIATES THAT AN UNDEMOCRATIC SOLUTION WOULD BE A DISASTER, BUT THAT HE IS NOT SURE KING WOULD BE IN POSITION TO PREVENT OR CONTROL SUCH DEVELOPMENT. PANELLOPOULOS AND MARKEZINIS HAVE BOTH MENTIONED TO HIM THEIR APPREHENSIONS THAT CERTAIN ELEMENTS IN COUNTRY MIGHT BE TEMPTED TO FIND MILITARY SOLUTION TO ITS PROBLEMS.

COMMENT: STEPHANOPOULOS MADE NO ALLUSION TO POSSIBLE VISIT TO UN AND WASHINGTON. HE TALKED FOR ALMOST AN HOUR WITH GREAT FRANKNESS AND RATHER UNCHARACTORISTIC FORCEFULNESS. WHILE I AM CERTAIN THAT PICTURE HE POINTED WAS INTENDED TO REFLECT SITUATION IN MANNER BEST CALCULATED EVOKE SYMPATHETIC US ASSISTANCE, I HAVE NO DOUBT THAT HE WAS SPEAKING WITH REAL SINCERITY. NOR WOULD I BE PREPARED TO CHALLENGE BROAD PERSPECTIVES OF PICTURE HE PAINTS.

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